APPENDIX

The Statutes Involved

Title 15, Section 78m, United States Code, relating to the filing of periodical and other reports under the Securities Exchange Act of 1934, provides in part as follows:

> "(a) Every issuer of a security registered on a national securities exchange shall file the information, documents, and reports below specified with the exchange (and shall file with the Commission such duplicate originals thereof as the Commission may require), in accordance with such rules and regulations as the Commission may prescribe as necessary or appropriate for the proper protection of investors and to insure fair dealing in the security—
>
> "(1) Such information and documents as the Commission may require to keep reasonably current the information and documents filed pursuant to section 78*l* of this title.
>
> "(2) Such annual reports, certified if required by the rules and regulations of the Commission by independent public accountants, and such quarterly reports, as the Commission may prescribe."

Title 15, Section 78ff, United States Code, relating to penalties, provides as follows:

> "(a) Any person who wilfully violates any provision of this chapter, or any rule or regulation thereunder the violation of which is made unlawful or the observance of which is required under the terms of this chapter, or any person who wilfully and knowingly makes, or causes to be made, any statement in any application, report, or document

required to be filed under this chapter or any rule or regulation thereunder or any undertaking contained in a registration statement as provided in subsection (d) of section 78o of this chapter, which statement was false or misleading with respect to any material fact, shall upon conviction be fined not more than $10,000, or imprisoned not more than two years, or both, except that when such person is an exchange, a fine not exceeding $500,000 may be imposed; but no person shall be subject to imprisonment under this section for the violation of any rule or regulation if he proves that he had no knowledge of such rule or regulation.

"(b) Any issuer which fails to file information, documents, or reports pursuant to an undertaking contained in a registration statement as provided in subsection (d) of section 78o of this chapter shall forfeit to the United States the sum of $100 for each and every day such failure to file shall continue. Such forfeiture, which shall be in lieu of any criminal penalty for such failure to file which might be deemed to arise under subsection (a) of this section, shall be payable into the Treasury of the United States and shall be recoverable in a civil suit in the name of the United States. (June 6, 1934, c. 404, Sec. 32, 48 Stat. 904, as amended May 27, c. 462, Sec. 9, 49 Stat. 1380.)

"(c) The provisions of this section shall not apply in the case of any violation of any rule or regulation prescribed pursuant to paragraph (3) of subsection (c) of section 15 of this title, except a violation which consists of making, or causing to be made, any statement in any report or document required to be filed under any such rule or regulation, which statement was at the time and in the light of the circumstances under which it was made

false or misleading with respect to any material fact. June 6, 1934, c. 404, Sec. 32, 48 Stat. 904, as amended May 27, 1936, c. 462, Sec. 9, 49 Stat. 1380; June 25, 1938, c. 677, Sec. 4, 52 Stat. 1076."

Title 15, Section 78w, United States Code, relating to power of the Securities and Exchange Commission and the Federal Reserve System to make rules and regulations provides:

"(a) The Commission and the Board of Governors of the Federal Reserve System shall each have power to make such rules and regulations as may be necessary for the execution of the functions vested in them by this chapter, and may for such purpose classify issuers, securities, exchanges, and other persons or matters within their respective jurisdictions. No provision of this title imposing any liability shall apply to any act done or omitted in good faith in conformity with any rule or regulation of the Commission or the Board of Governors of the Federal Reserve System, notwithstanding that such rule or regulation may, after such act or omission, be amended or rescinded or be determined by judicial or other authority to be invalid for any reason.

"(b) The Commission and the Board of Governors of the Federal Reserve System, respectively, shall include in their annual reports to Congress such information, data, and recommendation for further legislation as they may deem advisable with regard to matters within their respective jurisdictions under this chapter. (June 6, 1934, c. 404, Sec. 23, 48 Stat. 901, as amended Aug. 23, 1935, c. 614, Sec. 203 (a), 49 Stat. 704; May 27, 1936, c. 462, Sec. 8, 49 Stat. 1379.)"